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1977-1979

COUNTY OF LOS ANGELES

DEPARTMENT OF THE TREASURER AND TAX COLLECTOR

HALL OF ADMINISTRATION
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H.B.ALVORD
TREASURER AND TAX COLLECTOR

B.J.NUREMBERG
CHIEF DEPUTY

Honorable Board of Supervisors
County of Los Angeles
383 Hall of Administration

Gentlemen:

We are submitting our Biennial Report for the Department of Treasurer and Tax Collector for the fiscal years 1977-78 and 1978-79 in compliance with the Administrative Code of the County of Los Angeles.

The following pages provide an outline of our responsibilities, accomplishments over the last two fiscal years, departmental objectives and the volume of our transactions.

Sincerely yours,

H. B. ALVORD
TREASURER AND TAX COLLECTOR

HBA/rh

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BIENNIAL REPORT

FISCAL YEARS 1977-78 & 1978-79

DEPARTMENT OF TREASURER & TAX COLLECTOR

DEPARTMENTAL RESPONSIBILITIES

INTRODUCTION

The County Treasurer, a charter officer, carries out the responsibilities of Treasurer, Tax Collector and License Collector. The Treasurer is an ex-officio of the Boards of Retirement and Investments, as well as the Administrator of the Los Angeles County Employees' Retirement Association.

The departmental mission encompasses four basic objectives as follows:

TREASURY OBJECTIVE

It is the Department's objective to administer and manage the County Treasury, providing for the collection, custody, investment, and disbursement of all County general, trust, school, and special district funds. With this objective, four basic programs are utilized:

1. Banking Program - To receive, cash, and process warrants and provide all the necessary banking services for the County. Custody of all securities is also provided by this program.

2. Investment Program - To insure that all surplus monies in all funds are invested quickly using good judgment to maximize interest earnings and to provide adequate safety and liquidity.

3. Street Bond Program - To administer the 1911, 1913 and 1915 Improvement Acts for the County insuring timely collection of principal and interest payments and prompt payment of bonds.

4. Bond Registration Program - To register County and School District General Obligation and Revenue Bonds to minimize the cost of handling and make their sale more attractive.

TAX COLLECTION OBJECTIVE

This Department's main objective in the area of tax collection is to bill and collect the current and delinquent taxes on all real property and on secured and unsecured personal property with the utmost speed in processing so as to maximize interest earnings on the funds collected. Collection of Transient Occupancy Tax under County Ordinance 8607, and Inheritance Taxes as the agent for the State are smaller objectives in this area. The following programs are utilized:

1. Real Property Taxes Program - To bill the person responsible and collect all current and delinquent secured property taxes. To enforce collection by sale at public auction or agency sale for failure to pay delinquent taxes within the statutory time limits. To advise and notify property owners of their property tax status. To administer various senior citizen tax relief programs.

2. Personal Property Taxes Program - To bill and collect current and delinquent unsecured property taxes. To enforce collection of delinquent taxes by seizure of property, court action, or recordation of liens when necessary.

3. Tax Deeded Property Management Program - To manage property deeded to the State as a result of delinquent taxes by maintaining the property, negotiating leases and collecting rent for the occupancy of the property.

4. Inheritance Tax Program - To perform the necessary investigation of safe deposit boxes, provide for the eventual release of assets to the heirs, and the collection of the inheritance tax as the agent for the State.

5. Transient Occupancy Tax - To bill and collect from all eligible businesses liable for this tax and to enforce collections when necessary.

LICENSE COLLECTION OBJECTIVES

This objective is to administer the business and public health licensing ordinances of the County of Los Angeles. This is done through a program which allows for the taking of applications, prompt billing, fast collection, and enforcing collection to insure complete coverage of all persons required to be licensed.

RETIREMENT ADMINISTRATION OBJECTIVE

Because of severe shortfalls in revenue due to the passage of Proposition 13, the Boards of Retirement and Investments opted to fund the administrative expenses of the Retirement fund from the earnings of the fund, thereby reducing their County General Fund obligation. This action was taken in accordance with provisions of the County Employees' Retirement Law of 1937.

The Boards appointed the Treasurer as administrator of the System. The objectives of this function are to administer the County Retirement System as formed under the 1937 act and augmented by OASDI and to carry out the policies of the Boards of Retirement and Investments through two main programs as follows:

1. Administrative Program - To provide for the necessary record keeping of all actuarial data regarding Retirement Systems members, both active and retired, and to insure retired members receive benefits due them.

2. Portfolio Management Program - To invest retirement funds in legally authorized investment which will maximize interest earnings and provide adequate safety and security for members and County contributors.

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DEPARTMENTAL GOALS

To continue to handle the severely increased workload caused by supplemental and corrected assessments required under Prop. 13 without increasing our staff. Increased over and double collections, snags and expanded workload in every area of our Secured Tax Collection operation constitute the anticipated fallout for the fiscal year 1979-80. We are set up to handle this with a minimum of increased expenditures.

To assume our own warrant reconciliation a service now performed by major local banks. This service costs the County $1,000,000.00 annually and we hope to cut this expense in half by performing the service ourselves.

To broaden the base of the Electronic Money Transfer program to include twenty-four additional counts and to study the feasibility of including 150 departmental revenue accounts in the program.

To continue to seek legislation consistent with sound investment practices to enhance opportunities for increased interest earnings.

To continue to meet or exceed our affirmative action goals expecially relative to placing woman and minorities in higher level supervisory and management positions.

To bill property-related Public Health License fees on the secured tax bill in 1980-81 fiscal year. This will result in increased revenue of about $600,000.00

HIGHLIGHTS AND STATISTICS

INTRODUCTION

This section of the Biennial Report of the Department of Treasurer and Tax Collector is a brief outline of the Department's significant achievements during the last two years. Included are, tables containing statistical data reflecting the various activities of the Department.

CASH MANAGEMENT

The Department designed and installed a check encoding system which provides for earlier deposits of collections to the Treasurer's account. This system has substantially increased interest earnings because of earlier investment of collections and the elimination of compensating balances.

The Department has been awarded the National Association of Counties Achievement Award for the implementation of a two-part check encoding and bank sorting program. This operation allows the Department same-day credit for deposits and maximizes interest earnings.

Additionally, the program has reduced the County's banking costs. We have also designed and installed an improved computerized portfolio management system which gives us the ability to make timely trades providing a substantial increase in trading account profits.

Legislation put together by the Department and enacted during the 1978-79 fiscal year resulted in the following enhancements of our investment programs:

We are now able to purchase C.D.'s with maturity dates in excess of one year.

We are now purchasing commercial paper, that is, unsecured notes issued by corporations. This has resulted in increased interest earnings of $500,000.00

We are purchasing uncollateralized negotiable C.D.'s which has resulted in additional interest earnings of about $1,000,000.00 to date.

ELECTRONIC MONEY TRANSFER

The EMT Program involves five of the county court's revenue accounts. The money deposited by the courts each day is electronically transferred to the Treasurer's investment account, enabling the Treasurer to invest these sums the day they are deposited.

TAX ANTICIPATION NOTES

With the approval of your Board, this Department implemented the issuance of $350,000,000 in Tax Anticipation Notes for 1977-78 which resulted in a net increase of $7.5 million in the interest earnings of the Treasury Pool.

For 1978-79 this department implemented the issuance of $300,000,000 in Tax and Revenue Anticipation Notes resulting in increase earnings of $8.7 million for the Treasury Pool.

DEFERRED COMPENSATION PROGRAM

This program has increased in participants over the last two years to 1,792.

INHERITANCE TAX

This department continues to provide the necessary impetus for the increase in commissions earned by the Treasurer in the handling of the State's Inheritance Tax program for this county.

COMPARATIVE STATEMENT OF ACTIVITY

FISCAL YEARS 1977-78 AND 1978-79

Activity	1977-78 Volume	1977-78 % Increase or (Decr.)	1978-79 Volume	1978-79 % Increase or (Decr.)
Treasurer Operations				
Receipts	$10,559,321,907	8.60	$11,036,455,942	4.32
Disbursements	10,358,869,562	7.67	10,978,549,402	5.64
Warrants Honored	12,567,625	(-.10)	12,284,990	(-2.30)
Special Assessment Bonds Issued	303	47.19	12	(-96.04)
Tax Collection Operations				
Secured Bills	1,929,968	.87	2,076,762	7.07
Unsecured Bills	336,163	1.35	349,651	3.83
Tax Payments Processed	4,141,902	2.01	4,335,496	4.46
Parcels Published as Delinquent-Secured	39,419	4.92	49,226	19.92
Delinquent Items-Unsecured	57,064	14.95	66,807	14.58
Redemption Certs. Issued	40,817	5.35	48,079	15.10
Current Sec. Del. Parcels	72,098	7.69	98,875	27.08
Parcels Sold at Pub. Auction	643	(-10.06)	661	2.72
Parcels Sold by Agrmt. Sales	27	(-58.46)	31	12.90
Parcels Sold by Sealed Bids	105	(-2.78)	94	(-10.47)
Inheritance Tax Administration				
Deposit Box Examination	13,061	1.59	13,126	.50
License Collection Operations				
Public Health Licenses	101,233	1.81	102,567	1.30
Business Licenses	21,438	.26	21,056	(1.78)
Transient Occupancy Tax Pymts.	520	6.92	340	(34.62)

COMPARATIVE STATEMENT OF COLLECTIONS
FISCAL YEARS 1977-78 and 1978-79

Taxes	1977-78	1978-79
Secured Taxes	$ 3,154,436,727	$ 1,332,906,311
Unsecured Taxes	382,503,212	438,878,272
Redemptions	62,657,542	75,192,873
Penalties	4,826,676	3,544,500
Tax Sales	1,891,956	(93,654)
Land Rentals	88,436	-
Livestock Fees	11,730	12,060
Racehorse Tax	37,304	
TOTAL TAXES	$ 3,606,453,583	$ 1,850,472,688
TRUST FUNDS		
Inheritance Tax	111,672,868	135,877,295
Interest on Investments (Schools & other Agencies)	56,864,707	94,715,061
Deceased Persons Estates	339,587	348,019
Unclaimed Property	5,776	6,290
Parking Meters	178,202	205,246
Over Collections	8,880,708	13,126,764
Double Collections	1,066,979	1,257,415
Other Trust Items	1,173,983	362,392
TOTAL TRUST ITEMS	$ 180,182,810	245,898,482
GENERAL FUND		
Transient Occupancy	855,954	1,031,748
Business Licenses	745,453	750,936
Public Health Licenses	5,033,838	4,146,066
Investment Interest	32,309,012	58,208,906
Charges For Current Serv.	751,946	1,256,974
Delinquent List Costs	146,745	220,776
Collection Costs	32,871	19,979
Other Revenue	147,522	1,123,026
TOTAL GENERAL FUND	$ 40,023,341	$ 66,758,411
TOTAL COLLECTED	$ 3,826,659,734	$ 2,163,129,581

SUMMARY OF TAX CHARGES AND DELINQUENCIES

SECURED ROLL

Roll Years	Original Tax Charge	Unpaid After First Year		Unpaid June 30, 1979	
		Amount	%	Amount	%
1930-39*	$1,084,837,092	$87,313,572	8.05	294	-
1940-49*	1,644,108,440	35,893,168	2.18	7,805	-
1950-59*	4,742,884,057	63,002,369	1.33	71,630	-
1960-61	777,635,906	11,994,591	1.54	910	-
1961-62	857,839,923	12,671,877	1.48	568	-
1962-63	914,143,686	14,744,969	1.613	642	-
1963-64	996,991,395	16,747,267	1.727	1,018	-
1964-65	1,071,027,481	23,475,476	2.192	594	-
1965-66	1,157,595,049	31,261,779	2.701	727	-
1966-67	1,274,906,973	37,939,049	2.976	6,131	-
1967-68	1,367,424,648	30,766,461	2.250	3,045	-
1968-69	1,533,492,430	28,128,984	1.834	38,917	.003
1969-70	1,624,870,409	31,214,031	1.921	89,704	.005
1970-71	1,943,943,674	38,166,475	1.963	340,555	.018
1971-72	2,152,375,975	41,441,376	1.925	1,002,813	.047
1972-73	2,203,509,723	42,527,452	1.925	1,795,110	.081
1973-74	2,219,222,015	42,030,022	1.983	2,803,366	.132
1974-75	2,397,838,263	54,756,556	2.284	5,140,466	.214
1975-75	2,618,289,950	55,294,949	2.112	7,433,662	.284
1976-77	2,981,247,906	49,896,043	1.674	11,436,609	.384
1977-78	3,241,581,557	67,144,830	2.071	22,163,429	.684
1978-79	1,382,068,017	49,161,706 **	3.557	49,161,706	3.557

* 10 Years Combined

** Included in this figure is a considerable but indeterminate amount of taxes which are not yet delinquent. A large number of Proposition 13 reassessments were added to the roll in June of 1979 and were not delinquent on the date of sale. The figure given represents the unpaid charge which includes delinquent and non-delinquent taxes.

TABLE IV
SUMMARY OF TAX CHARGES AND DELINQUENCIES

UNSECURED ROLL

Roll Years	Original Tax Charge	Unpaid After First Year		Unpaid June 30, 1979	
		Amount	%	Amount	%
1946-49*	$86,968,518	$ 933,136	1.07	$ 417,108	.48
1950-59**	560,610,784	4,323,417	.77	2,818,556	.50
1960-61	122,780,331	1,148,567	.94	698,208	.569
1961-62	122,366,352	1,942,595	1.59	789,302	.645
1962-63	133,139,080	1,756,870	1.32	796,055	.598
1963-64	142,576,604	1,455,237	1.02	682,227	.478
1964-65	112,185,841	1,125,276	1.00	516,027	.460
1965-66	127,018,816	707,139	.56	427,832	.337
1966-67	143,009,276	895,040	.63	447,203	.313
1967-68	167,093,243	1,107,419	.66	665,341	.398
1968-69	180,172,720	952,680	.53	574,992	.319
1969-70	206,244,709	1,426,401	.69	655,120	.318
1970-71	215,096,790	2,191,408	1.02	1,108,754	.515
1971-72	251,976,067	2,249,631	.89	1,477,410	.586
1972-73	284,862,219	2,594,214	.91	1,672,721	.587
1973-74	263,134,903	3,818,540	1.45	1,956,985	.744
1974-75	274,952,031	4,463,691	1.62	2,228,383	.810
1975-76	345,117,852	13,411,545***	3.89	10,995,784	3.186
1976-77	396,073,758	25,658,338****	6.48	22,039,665	5.565
1977-78	397,128,044	11,421,615	2.876	8,701,171	2.191
1978-79	450,383,274	17,176,711*****	3.814	17,176,711	3.814

* 4 Years Combined
** 10 Years Combined
*** Unpaid includes Glomar Explorer assessment in the amount of $7,515,017.
**** Unpaid includes Escaped Import assessments of between 18 and 20 million dollars.
***** This figure includes escaped assessments which are not delinquent. The non-delinquent taxes are considerable but cannot be separated from the charge as of June 30, 1979.

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Biennial report of the Department of Treasurer & Tax Collector, for the fiscal years ...

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